Saskatchewan Indian Gaming Authority

2001 ANNUAL REPORT

SASKATCHEWAN INDIAN
GAMING AUTHORITY

Board Of Directors

102-04098/

Board Chair - Louis Kenny

FSIN Appointee

A First Nation business leader who is President of Katepwa Insurance Agency and chair of the Ochapowace Economic Development Board which is responsible for nearly a dozen businesses and enterprises. He also has an interest in four family-owned businesses.

Board Member - Dave McIlmoyl

Provincial Appointee

A business consultant who graduated from the University of Regina. Experienced in First Nations economic development as administrator of the Lac La Ronge Band and executive with Kitaski Developments.

Board Member - Gary Merasty

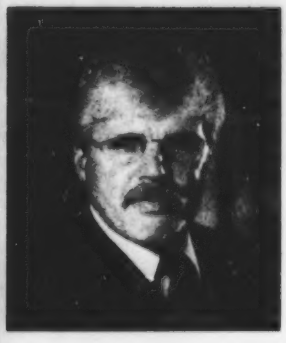
FSIN Appointee

Grand Chief of Prince Albert Grand Council and member of SIGA's board and interim chair from mid-June of 2000 to February 2001. He holds a Bachelor of Education degree from the University of Saskatchewan and is completing a Master's degree. He has served on numerous boards and committees including Prince Albert Development Corporation and the Banff Centre for Management, Aboriginal Board.

Board Member - Maurice Duval

Provincial Appointee

Saskatoon chartered accountant and partner in the firm Hergott Duval Stack & Partners. Specializes in corporate planning and restructuring, financial planning and re-organizations.



Board Member - Russ Brown

FSIN Appointee

Director of Economic Development for the North Battleford Tribal Council, he holds a commerce degree from the University of Saskatchewan and has experience as a business manager for a North Battleford auto dealer and a commerce officer with the provincial economic development department.

Board Member - Barb Cram

Provincial Appointee

She presently is Regional Commissioner of the Canadian Radio Television and Telecommunications Committee for Saskatchewan and Manitoba based in Regina. Previously Ms. Cram practised law with the firm Gauley & Company.

Board Member - Gary L. Pelletier

FSIN Appointee

A graduate of the University of Regina's Administration College, he is Program Manager - Post Secondary Services for the Cowesses First Nation.

Chairman's message

Louis Kenny

This has been a difficult year for the Saskatchewan Indian Gaming Authority. The events that triggered what we called 'a summer of tribulation' early in the fiscal year that ended in March prompted deep soul-searching and a top-to-bottom evaluation of every aspect of SIGA's internal operations. The appointment of a reconstituted board of directors in February of this year marked the last major step in that process.

In June of last year when reports of spending improprieties surfaced, the Federation of Saskatchewan Indian Nations' Economic and Community Development Commission, SIGA's parent body, ordered the internal review. Along with the appointment of an interim board of directors and acting Chief Executive Officer, the Commission instructed SIGA to strengthen its governance mechanisms to ensure that our First Nations continued to have a role in the development and growth of Saskatchewan's gaming industry. The mandate of the interim board also included the following objectives:

- to preserve the jobs, particularly First Nations employment, provided by the SIGA operations;
- to maximize profitability of our gaming operations for the benefit of First Nations and;
- to adopt a tough set of policies to ensure SIGA operates as a business, free of political distractions.

The work of the interim board laid a foundation for the permanent board of directors appointed in February to complete the internal restructuring of overall governance and management practises. By the end of the fiscal year, the permanent or reconstituted board, which includes nominees from both First Nations and the provincial government, had established processes to successfully complete the list of assignments or 'significant progress benchmarks' needed to put SIGA back on a sound business footing.

Once these mechanisms are implemented, SIGA will possess a strong foundation for future growth and expansion, providing transparent and business-like decisions that will meet the goals established by the Economic and Community Development Commission. In the end, I believe, SIGA will be stronger and positioned to fulfill the aspirations of our First Nations as they strive for economic opportunity and growth.

I want to thank SIGA's employees who remained focused and diligent throughout a year that was filled with distractions and uncertainty. The operation of our individual casinos, as reported by no less an authority than the Provincial Auditor, was never an issue in the past year. The integrity of SIGA's operations remained intact and, for that, the Board of Directors salutes and thanks each and every one of our 1200 employees.

I also would like to thank the members of the interim board for their guidance in the past year and to my colleagues on the permanent board for their diligence and support in rebuilding SIGA's foundation.

ssage from President & CEO

Edmund Bellegarde

In a year of challenges, confidence building emerged as the most significant objective of the executive and our governing board.

The end of the first quarter of the fiscal year put the organization in crisis with revelations of spending improprieties at the highest level. Following the separation of the roles of chair and president, both posts were filled on an interim basis as the board and senior management, with the help of our shareholders and outside counsel, charted a course for restoration of SIGA's governance structures.

At the same time, a new emphasis on building profitability was required. Although revenues were tracking the previous year's level, expenditures had risen sharply. By the end of that quarter, SIGA was projecting profits of $9 million for the 2000-2001 fiscal year, considerably lower than the $17 million mark achieved a year earlier. Balancing those two objectives - restoring profitability to earlier levels and establishing a sound governance system for the organization - dominated our activities.

By year's end, I am pleased to report, profitability had been restored. We were also able to put our governance house in order by year's end as well. Under the leadership of interim chair Grand Chief Gary Merasty, the board began the process of restructuring SIGA's internal operations to put the organization's governance on a solid foundation. By the end of the second quarter, a series of two dozen recommendations had been hammered out and implemented.

The work of the board was vital to restoring confidence in the organization and set the groundwork for further changes before year's end. It also ensured transparency and full acccuntability to our shareholders, regulators and, most importantly, to Saskatchewan First Nations and their citizens.

The new, reconstituted board of directors, appointed in February of 2001, built on the foundations created by the previous board.

Management, as directed by the interim and permanent boards, turned its attention to restoring profitability to previous levels. Expenditure reductions were implemented and steps were taken to strengthen revenues. The results are self-evident. Profits for the year exceeded $18 million, more than double the levels estimated in the early stages of the fiscal year.

Basic Principles

The organization continues to be guided by the objectives of creating employment opportunities and management expertise among First Nations people. SIGA's emphasis on training and human resource development has provided entry level jobs for many First Nations people as well as experience and development of highly portable skills in fields such as hospitality and customer service.

Policies that encourage growth and self-improvement are helping to advance the careers of our team members and to achieve their potential.

SIGA's success has also been a source of pride and economic achievement for the province's First Nations. Profits from our casinos flow to every Saskatchewan First Nation, representing a new revenue stream that comes from success in enterprise and is a major step in First Nations economy building.

Looking Forward

This fiscal year was one dominated by headlines flowing from our 'summer of tribulation' but it was a turning point in the history of First Nations gaming and First Nations business development. Not only did SIGA meet the challenge, we have become more accountable to all our stakeholders and are now in a position to venture into a much brighter future.

Our Mandate

The growth and development of gaming is one of the most important business and commercial achievements for Saskatchewan's First Nations.

Demographic analyses clearly demonstrate the rapidly expanding role First Nations people will play in the coming years. Gaming has become a major source of both employment and income for First Nations and their members. As a First Nations owned enterprise, SIGA is an example of First Nations building their own economic base and playing a role in expanding the overall economy.

SIGA has two major goals or targets that will be used to measure our achievements in the long term.

Profitability

Maximizing profitability for the benefit of Saskatchewan's First Nations is a cornerstone of the long term mandate established by SIGA's board of directors.

Profits generated from our gaming operations flow to the First Nations Fund - which distributes revenues to Saskatchewan's First Nations on a quarterly basis - and the provincial government's general revenue and Community Initiatives Funds. A portion of the profits from casinos operated on-reserve lands flows to a locally-controlled Community Development Corporation.

Money flowing to the First Nations Fund represents a new source of revenue for Saskatchewan's First Nations - the fruits of a successful enterprise - and are a tangible indication of the role First Nations play in the growth of Saskatchewan's economy.

Balancing expenditures and long-term investment decisions with the goal of maximizing profitability is one of the most important challenges facing management on a day-to-day basis. Prudent budgeting and strict cost controls are fundamental to achieving this objective.

Employment

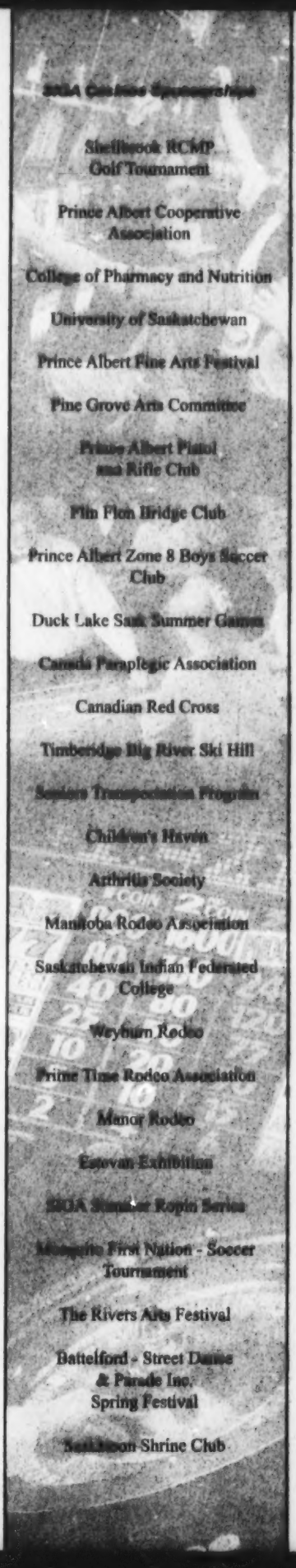
The second major objective established by SIGA's board of directors is employment of First Nations people.

As a business, SIGA is the largest First Nations owned employer. Our role as a job generator is critical to building a pool of skilled and experienced First Nations people. At year end, 70 per cent of SIGA's 1100 employees were First Nations.

Our long-term goal is to raise that level to 80 per cent through training and skill development for existing employees and recruitment of new workers as required.

Our success in creating skilled First Nations workers is based upon a commitment to training and constant human resource development. Our efforts have been recognized by the tourism industry with their annual award for training and personnel development.

After five years of operation, it has become clear that training is critical to employee retention. Although our success in developing high skilled hospitality workers has prompted other hospitality industry employers to seek out our workers, we remain committed to identification, recruitment and development of First Nations members of the SIGA team.


SIGA Casinos Sponsorships
Shellbrook RCMP Golf Tournament
Prince Albert Cooperative Association
College of Pharmacy and Nutrition
University of Saskatchewan
Prince Albert Fine Arts Festival
Pine Grove Arts Committee
Prince Albert Pistol and Rifle Club
Pin Pon Bridge Club
Prince Albert Zone 8 Boys Soccer Club
Duck Lake Sask Summer Games
Canada Paraplegic Association
Canadian Red Cross
Timberidge Big River Ski Hill
Seniors Transportation Program
Children's Haven
Arthritis Society
Manitoba Rodeo Association
Saskatchewan Indian Federated College
Weyburn Rodeo
Prime Time Rodeo Association
Manor Rodeo
Estevan Exhibition
SIGA Summer Ropin Series
Mosquito First Nation - Soccer Tournament
The Rivers Arts Festival
Battelford - Street Dance & Parade Inc. Spring Festival
Saskatoon Shrine Club

overnance and Accountability

Ensuring public support and confidence in the operations of an organization such as SIGA is based upon sound governance and accountability mechanisms. The events and challenges of the past year identified shortcomings in meeting those objectives and much of the board's and management's focus in the past year was devoted to examining and strengthening our internal governance systems.

Approximately two dozen steps were taken to rebuild confidence in SIGA's operations, moves that have subsequently been endorsed by our shareholders and regulators as well as First Nations political leaders and the provincial government. Throughout the past year, the integrity of the operation of our four individual casinos was not questioned, something that was acknowledged by all bodies that reviewed our financial affairs. The work of the interim board, completed by the permanent board, has provided SIGA with a sound foundation to move forward.

Following are some of the changes adopted in SIGA's drive to restore confidence in our governance procedures:

*** separated the roles of Chair and Chief Executive Officer;**

*** use of the remaining corporate credit card is restricted solely for travel confirmation;**

*** developed a new policy for approval of CEO expenditures;**

*** developed strict policies for approval of board expenditures, conflict of interest guidelines and board conduct;**

*** new remuneration structure for board of directors;**

*** appointment of an internal auditor and audit committee of the board to provide a further level of scrutiny and accountability;**

*** quarterly reporting of SIGA's financial performance to First Nations members;**

*** develop a new policy regarding approval of sponsorships, promotions and marketing expenditures;**

*** strict guidelines and limits for travel and accommodation expenditures;**

*** developing, without outside advice, a policy regarding 'related party' contracts;**

*** budget review for the current fiscal year to reflect actual revenues and introduction of expenditure reductions to improve profitability;**

*** reduced marketing budgets;**

*** a review of central office operations in Saskatoon;**

*** creation of written policy manuals for central office administrative processes and;**

*** review options for improving overall management of the individual casinos.**

Sponsorships Continued

Women Healing Nation to Nation

Red Earth Minor Hockey Association

Smeaton Curling Club

Mistawisis First Nation Rodeo

Team Saskatchewan S.A.S.K./CAN

Canada Remembers Air Show

Saskatchewan Air Show

Eagle Creek SIGA Bull a Rama

Saskatchewan Snooker and Billiards Association Inc.

Saskatoon Parent Education Commitee Conference

Saskatoon Indian & Metis Friendship Centre

Big Brothers & Big Sisters Bowl for Kids Sake

Cutknife Riding Club

City Commissioners Supper

United Way

Mount Royal Community Association - A day in the Park

Murray McKee Memorial Hockey Tournament

Saskatchewan Stock Growers Association

National Drug Awareness Week

University of Saskatchewan Aboriginal Students Association

Saskatchewan Indian Cultural Centre

Wanuskewin Heritage Park

Sherbrooke Community Centre

Saskatoon YWCA

Dundurn Lions Mud Races

The Silver Lining

The challenges that faced SIGA in the past year were characterized as 'the summer of tribulation' that forced the organization to examine every aspect of its internal operations. The soul searching was not easy. It tested our strength. In hindsight, however, it demonstrated clearly that we have the ability to manage our own affairs and to build institutions with the strength to withstand even the most difficult issues.

When revelations of inadequate spending controls at the top of the organization surfaced, those charged with governing our operations came face-to-face with a daunting set of issues. The course of action they put in motion has not only strengthened our governance structure, they set SIGA on a path that will make the organization a model of governance and performance.

From mid-June to mid-September 2000, SIGA's board and the interim board that took its place undertook a complete and intensive review of the organization's internal structures. Shortcomings were identified and, by early Fall, had been rectified. Foremost among the issues was the need to separate business from political issues in this organization, the largest and most profitable business entity ever established by Saskatchewan's First Nations.

This was not a simple matter. As an organization beneficially owned by Saskatchewan's First Nations, it's very existence flows from a political decision. But it is a business charged with business-oriented goals of profitability and employment. Finding the proper balance between those realities and establishing stronger accountability to all its stakeholders was the challenge faced by the interim board of directors in the weeks following the public revelations of spending irregularities.

The results of the internal restructuring process were unveiled by the interim chair, Grand Chief Gary Merasty, in mid-September three months after the interim board began its work. With the guidance of outside experts, the board examined every aspect of SIGA's operations. That work led to the implementation of approximately two dozen measures to improve accountability and transparency as well as governance and operations.

The importance of this process is paramount. At the heart of the board's action was one fundamental issue Saskatchewan First Nations and the members of SIGA's interim board addressed the problems. We took action and demonstrated the leadership necessary to make difficult decisions and to put our own house in order. In the nine months since the revelations of spending irregularities, determined and decisive management action have significantly improved the organization's bottom line performance. At the end of the first quarter in fiscal 2000-2001, SIGA was projecting an annual profit of roughly $9 million. By year's end, that figure had been improved to more than $18.6 million, a clear demonstration of the benefits from the internal restructuring undertaken by our own board of directors.

Ultimately, the benefits of a stronger bottom line flow to the members of Saskatchewan's First Nations in the form of quarterly payments from the First Nations Fund which receives a portion of SIGA's profits.

The improvements in SIGA's fiscal performance and governance are already being felt in communities throughout Saskatchewan.

Sponsorships Continued

Prince Albert Volleyball Club

Sturgeon Lake First Nation

Prince Albert Sharpshooters

Rossignol School Graduation 2000

St. Mary's School Graduation 2000

Carlton Comprehensive Graduation 2000

Southend Reindeer Lake School

Prince Albert Metis

Urban Youth Council

Sandy Bay Graduation 2000

Witchekan Lake Youth & Cultural Club

Prince Albert Sports Council

Hudson Bay District Cultural Society

Prince Albert Seniors Bridge Club

As Good As New

Bernard Constant School Travel Club

Saskatoon Tribal Council

Rossignol School Language Festival

Prince Albert Language Arts Festival

Prince Albert Metis Fall Festival

Prince Albert Red River Roping and Riding Association

Marsh School Park

Sandy Bay People Helping Young People Incorporated

Sask-Can AAA Minor Hockey

Leask Bull-A-Rama

Saskatchewan Easter Seals

Quick Facts

The Saskatchewan Indian Gaming Authority operates four Indian-owned casinos and a central office operation. It has become a major economic and employment generator for Saskatchewan First Nations as well as the people of Saskatchewan. More than 1,200 new jobs have been created in the five years since the casinos were constructed and opened their doors. The majority of those jobs are held by First Nations people who, historically, have not participated in the workforce at the same level as the rest of the province's population.

Employment
(as of March 31, 2001)

Total Employees	First Nations	%	Non First Nations	%
1098	760	70%	338	30%

Employment Recognition

ABEX Award (1998) Job Creation category

Tourism Industry Business of the Year 2000

Tourism Industry Education and Training Award 2000

ABEX Award (1997) New Venture category

Economic Impact

SIGA's gaming operations have become a new revenue source for Saskatchewan's 73 First Nations and for the provincial treasury. To date 37.5 per cent of the profits from the operations (approximately $19 million) has flowed through the First Nations Fund and are distributed to First Nations on a quarterly basis. The remaining 62.5 per cent (roughly $32 million) has gone to the provincial government.

Economic Activity (since formation in 1995 up to March 31, 2000)

Revenues($ '000s)	NetProfit	FNF	GRF	AEF
$229,690	$53,052	$19,194	$20,594	$12,652

(FNF = First Nations Fund; GRF = General Revenue Fund; AEF= Associated Entities Fund)

Saskatchewan First Nations financed 100% of the investment required to build SIGA's gaming operations.

Sponsorships Continued

Saskatoon Friendship Inn

Saskatoon Food Bank

Saskatoon Rotary Club

Saskatchewan Adoptive Parent's Association

Saskatoon Sexual Assault and Information Centre

Saskatoon City Hospital Foundation

Scotiabank Invitational Charity Golf Classic

Canadian Mental Health Association

Silver Spoon Dinner

Saskatchewan Bison Association

Saskatoon & District Chamber of Commerce

Saskatchewan Chambers of Commerce

Saskatoon Police Service - Women in Policing Conference

Saskatchewan Jazz Festival

Saskatchewan Literacy Awards

Saskatoon Council on Aging

Softball Saskatchewan

Saskatchewan Lung Association - Shoot for a Million

James Smith Annual Unity Ride

Saskatchewan Voice of People with Disabilities

Saskatoon Amateur Golf Championships

Dundee Classic Golf Tournament

Saskatoon Catholic Schools Foundation

Saskatoon Crime Stoppers

Saskatoon Family Child Care Home Assoc. Inc

Bear Claw Casino

Operating on the White Bear First Nation near scenic Moose Mountain Provincial Park, the Bear Claw Casino is situated in one of the most picturesque regions in the province.

In 2000-2001, Bear Claw continued utilizing that beauty to draw people from all over Saskatchewan to the casino.

"Due to our location we depend almost solely on tourism," said casino assistant manager Gordon Burns. "To attract people here we really focus on the gorgeous surroundings and amenities like the Lodge, the golf course and the water slides. There really is something here for the whole family." Tourists come from all over Southeastern Saskatchewan and Manitoba for a chance to play the 95 slot machines and the various card tables. Add those features to outstanding prize draws and weekly entertainment, and you see why the Bear Claw Casino has such loyal patrons. "We've found that the prizes and entertainers bring just as many people in as the machines and tables," said Burns. "Once again our strategy is to appeal to as many people as possible and offer something for everyone."

In September 2000 the casino gave out a brand new Chevy Tahoe. Other prizes awarded throughout the year ranged from patio furniture to a washer and dryer. Interest in every draw was extremely high and has prompted Bear Claw to look at giving out even more prizes. In addition to the prizes, in-house promotions like Senior's Day and annual giveaways on Mother and Father's Day are proven winners at the casino.

To attract even more people to the casino, Bear Claw has set a goal of one overnight bus tour a week for next year. This initiative will guarantee a certain number of patrons every week and give more people a chance to get out to the casino. "Being in a remote location we have to make it as easy as possible for people to get out here. By increasing our number of bus tours and tour operators, we ensure that we are being as accessible as we can be," said Burns. Celebrating its 5th Anniversary in 2001, the casino has enjoyed increased success since its re-opening in 1996. That success has resulted in the Bear Claw Casino giving back to the community more and more each year. Supporting events like the Kennedy Pro Rodeo, Craven's Rock'N the Valley and Agribition, the casino continued to assist community-based functions.

One of the largest sponsorships of the year was the Canada Day celebration on July 1. The casino provided a breathtaking display of fireworks free of charge for anyone who was in the area.

In another unique initiative, Bear Claw held a silent auction of artwork by local artists and gave the proceeds to the local school. "When we give back to the community we make it better and in turn that makes us stronger," said Burns. "When we help out children we really don't expect anything in return. We just want to keep their programs and events running." Assisting with sports dinners has also proven to be an effective way to help out with children's programs.

This year Bear Claw hosted a dinner that featured Walter Gretzky and hall of fame NHL defenceman Brad Park. Not only did the dinner raise money for sports programs, it also included a two-hour autograph session at the casino. Whether helping out children or offering more services to patrons, every task is taken very seriously by Bear Claw Casino.

That dedication to service comes directly from its 130 employees. Although the casino has the smallest staff among Saskatchewan Indian Gaming Authority (SIGA) members, it still boasts a high First Nation presence at 75 per cent. Besides building on that percentage in the next few years, Burns says Bear Claw will continue its close relationship with surrounding businesses and bring in more of the popular nickel slot machines. "Joint-ventures are what is going to build this region into an even more popular tourist destination.

And if we can offer more of what our patrons want, such as nickel slots, we will attract an even larger clientele in years to come."

Sponsorships Continued

Deliale and District
Fire and Rescue

E-Tahkanawasot Infant
Care Centre - Joe Duquette

Eyebrow Fair

Fighting Eagles Boxing Club

Gilbert B Memorial Golf

John Arcand Fiddlefest

SIGA Enchanted Forest

Royal University
Hospital Foundation

Children's Health Foundation

Yorkton Tribal Council
Safe Haven

Canadian Cowboy's
Association

Kinsmen Rock in the Valley

Saskatoon Zoo
Foundation

Saskatchewan Roughriders
Football Club

Senator Hilliard McNab
Scholarship Foundation

Kinsmen Henk Reys
Soccer Centre

Maple Creek Rec Plex

Prince Albert Pony
Chuckwagon Association

Whitecap Dakota Sioux -
SIGA Slo Pitch League

Saskatoon Kinsmen and
Kinettes - LUAU in 2000

Saskatchewan Law
Enforcement Torch Run

Dean Lafreniere Memorial
SloPitch Tournament

Moose Jaw Exhibition

ainted Hand Casino

Five years ago downtown Yorkton didn't offer much in the form of entertainment. There were movie theatres and pubs, but nothing that really attracted the tourist dollar.

When the Painted Hand Casino opened its doors in 1996, Yorkton immediately became a hub of activity. People flocked to the city for a chance to win some cash and be entertained by the finest performers in the nation.

"From the time we started operations, until now, our focus has always been to be the number one entertainment spot in the Yorkton area," said Painted Hand Casino General Manager Vern Acoose. "Whether it's our games of chance or our live bands we want to be the best we can be."

In an attempt to remain the best, Painted Hand expanded and renovated its stage area and sound system this year. The nightspot now holds more people who pack the place on a regular basis. Featuring performing acts like the Johner Brothers, Poverty Plainsmen and Duane Steele, the Painted Hand Casino never has a problem filling the seats.

With the casino's success, has come increased initiatives for sponsorship in the community. Organizations and events such as the Yorkton Exhibition Association, the Yorkton Rodeo and the Yorkton Terriers Hockey Club have all benefited from the financial assistance of the Painted Hand Casino.

One of the largest fund-raisers put on by the casino is the Painted Hand Curling Classic, which is part of the World Curling Tour and attracts the top curlers in North America. This year's winner was Kevin Martin who has won two Brier titles and represented Canada at the Olympics. All proceeds from the bonspiel go to charities and the Yorkton Curling Club.

"Giving back and reinvesting in the community is very important to us," said Acoose. "If we can make the city better in any way, then that is what we are interested in. Because if the community improves, so does our business." Besides establishing a strong external reputation, the internal environment of the casino is among the friendliest in the province. It is that attention to customer service that Acoose says sets Painted Hand apart from the rest.

"Once you come in the door we make you feel like you're at home. We do all we can to accommodate our patrons and they recognize our efforts and reward us by coming back again and again."

Although the casino continues to offer bus tours throughout the province and into Manitoba, Yorkton patrons remain just as important to Painted Hand as tourists from abroad.

"We don't want to leave anyone out of our marketing strategy. We welcome our Manitoba visitors, but we aren't going to offer something to them over and above what we offer to our patrons in Yorkton," said Acoose. "Our promotions are for everyone."

With over 134 slot machines, card tables and countless cash and prize draws, the casino attracts anyone who is looking to be entertained. It is that broad marketing approach that Yorkton Mayor Phil De Vos says has assisted in building the community. "Since its opening in December 1996, the Painted Hand Casino's aggressive marketing campaign has positioned them as East-central Saskatchewan's premier tourist destination," said De Vos. "The casino has also increased the total community's income by millions of dollars and increased employment through direct and indirect jobs."

Employing 210 people, approximately 65 per cent of the Painted Hand Casino's staff are of First Nation ancestry. Out of those First Nation employees, almost all are on full-time.

Those employment figures will likely be increased if plans for expansion and a new building go ahead next year. The new facility would be larger and offer increased parking for casino patrons.

"A new location would give us a chance to design a building that is more customer friendly. With a lot more parking and more room inside, we can design a very convenient space that is utilized to its maximum capacity," said Acoose. "Although nothing is finalized, we hope to get things rolling in the next year."

CASINO
Yorkton • Saskatchewan

Sponsorships Continued

Moose Mountain Rodeo

Waywayseecappo

Lebret Eagles

Estevan Bruins

Melita & Area Beaver River Regional Recreational Association

Regina Adult Learning Centre

Aman House Inc.

AIDS Regina

AIDS Walk Saskatoon

Asquith and District Rodeo

Addressing Disabilities Issues Conference

Metis Nation of Saskatchewan Back to Batoche

Beauval Recreation Board Summer Festival

Battlefords Union Hospital Foundation

Battlefords Festival of Trees

Chili for Children

Canadian Professional Rodeo Association - SIGA Series

Challenger Men's Tennis Championships

Central Urban Metis Foundation Inc.

C-95 Radio Marathon

Meyoyawin Circle Corp.

St. Michael's School

Swan Lake Pow Wow

Canadian Western Agribition

Gold Eagle Casino

When the Gold Eagle Casino began operations in 1996, no one knew what to expect. Opening a casino in a small community like North Battleford was seen as an aggressive venture that could result in failure. The critics couldn't have been more wrong. Boasting over 300 employees and a newly constructed family restaurant, the Gold Eagle Casino has become a centrepiece for the North Battleford area.

Acting General Manager Neil Sasakamoose says the casino's role in the city has always been based on community development "We are here to assist the community in whatever way we can. We offer employment. We offer entertainment. We offer support for many community events and we bring tourists to the area," says Sasakamoose. "Our role has evolved very quickly and we accept it wholeheartedly."

As a sponsor, the Gold Eagle Casino supports organizations and functions throughout North Battleford and surrounding area. Whether it's the Sakicawasihk Pow Wow or playground equipment for McKitrick School, the casino has been there to offer financial assistance. The Battlefords Union Hospital Foundation, the Exhibition Association and the United Way are just a few of the other organizations that receive support from the casino. Wayne Ray, North Battleford's mayor, agrees that Gold Eagle plays a huge part in the building of the community. "Based on their marketing programs the clientele for this casino are not primarily local patrons but 60% are from outside our normal trading area," said Ray. "This has meant that this is new money coming into our community; not only through the casino but also for hotels, restaurants, campgrounds and tourist venues."

Besides celebrating its 5th Anniversary on March 6, the 2000 - 2001 fiscal year has seen many other exciting things happen at Gold Eagle. One of the most important developments was the construction of a non-smoking games room on the upper level of the casino. The room, which is completely enclosed and separately ventilated, is the first of its kind among Saskatchewan Indian Gaming Authority (SIGA) casinos. The casino also replaced 25 per cent of its slot machines in an attempt to keep the machines completely updated. "Our focus has always been on bringing in tourists.

So if we can attract more people with a smoke free room or exciting new games, then that's something we're interested in," said Sasakamoose. "The opening of the restaurant is a great example of how we are reaching out to more people." The 250-seat Kihiw Family Restaurant and Lounge was opened last year and has been a huge success. Not only does the restaurant offer more to the casino patrons, it also created 60 new jobs in the community. Out of those new jobs, 38 were filled by First Nation and Metis employees. Add that to the 209 First Nation and Metis employees that already work at the casino and you have one of the largest Aboriginal employers in the province. "The hiring and training of First Nation and Metis employees is crucial for the casino," said Sasakamoose. "As an equal opportunity employer it is our mandate to provide jobs for Saskatchewan First Nation people and that is something we take very seriously."

In an attempt to create further employment and increased business, Gold Eagle opened a boardroom this past year to attract meetings and conventions from Saskatchewan and Alberta. "Because of the small population in North Battleford, we specifically target the Alberta market. In fact our goal is to bring in 100 Albertans everyday. With three tour buses running each day to Alberta we almost always accomplish our objective," he said. With the emergence of new competition in Alberta, Gold Eagle is looking to further expand its services in years to come, while maintaining its proven attractions like the Black Jack's Saloon.

Sasakamoose says drawing tourists to the area will be paramount in maintaining and building on the success of the casino and its place in North Battleford. "We have done very well on all fronts in the past five years. If we can continue to diversify and offer unique things to our patrons, there is no doubt that we will always be a positive and successful fixture in the community."

Sponsorships Continued

East End Atom III Blue and Red Rangers

Sharks Swim Club

The Little Art Gallery

Santa's Anonymous

St. Louis and District Golf Tournament

Southend Fishing Derby

Prince Albert U-15 Girls Celtic Soccer- Club

Nipawin Exhibition Association

St. Louis Rodeo

Prince Albert Grand Council Child Care and Education

Kinistino and District Rodeo

Peter Ballantyne Health Services

Bobby Bird Golf Tournament

Prince Albert Grand Council Cultural and Recreation Program

Prince Albert 4-H Club

Onion Lake First Nation Gold Eagle Casino/SIGA -Shoot out

Saulteaux First Nation

Northwest Regional

Saskatchewan First Nations Veterans- Association

Jackfish Lake Rodeo Committee

Wainwright Frontier & Exhibition Agricultural Society

Scattered Warrior Society

Meadow Lake Ducks Unlimited

Northern Lights Casino

As revenues continued to climb and attendance remained steady at over 1 million patrons, the Northern Lights Casino had another stellar year operating in the community of Prince Albert. Since the new 30,000 square foot casino was opened in 1998 a staggering 3 million people have came through the doors to take in games of chance and watch some of the best performers in North America.

"We run a first class operation and our patrons recognize that and they support us enthusiastically," said Northern Lights Casino General Manager Alphonse Bird. "Our main goal has always been to reinvest in the community and we are very proud of our accomplishments on that front."

Supporting and sponsoring over a thousand different Prince Albert and surrounding area organizations last year, Northern Lights remained one of the most socially conscious businesses in the community. Events and organizations such as the Prince Albert Grand Council Fine Arts Festival, Summer and Winter Indian Games, Saskatchewan Special Olympics and Children's Haven all benefit greatly from the support of the casino.

In addition, small groups, such as the Prince Albert Bridge Club and Stanley Mission Dart Club, receive financial assistance and merchandise that help the associations continue operations. Schools, health programs, round dances and sporting teams are just a few of the other sponsorships undertaken by the Northern Lights Casino. "We are very good business partners, but we are also socially minded. We recognize our ability to help all these different organizations and we do all we can to help them," said Bird. "If we can help people in and around PA, especially children, we have done our job."One of the biggest ways Northern Lights has assisted the community is turning Prince Albert into more than just a gas stop. People are now coming to play at the casino, but they are also spending money at local hotels, restaurants and retail stores.

The city's entire economy has benefited from the casino's success. "New tourists are coming to our community because of the Northern Lights Casino and this helps to make Prince Albert a destination location," said PA Economic Development Coordinator Perry Trusty.

"The many new jobs created at the Northern Lights Casino has contributed in housing sales and retail business. Local businesses have also benefited by providing goods and services to the Casino." Besides creating economic growth, Northern Lights Casino is one of the largest employers in the city. Employing 400 people, over 80 per cent of which are of First Nation's ancestry, the Prince Albert casino boasts the largest workforce among the Saskatchewan Indian Gaming Authority members. "There is a very close relationship among our employees. In fact we just established an Employee Assistance Program eight months ago and it has been hugely successful," said Bird. "We like to create a work environment where employees feel comfortable and a part of a team." That strong team mentality has established Northern Lights Casino as one of the three best entertainment establishments in Canada and number one in Western Canada.

With performing acts like Neal McCoy, Prairie Oyster, Ricky Skaggs and a host of First Nation entertainers, the past year further elevated the casino's reputation. Add those sellout shows to the 3rd Annual Canadian 9-Ball Shoot-out, Classic Cruise Night and various prizes and draws, and you truly see the diversity of Northern Lights Casino. Drawing people from Northern Saskatchewan, Saskatoon and Alberta, the casino continued offering bus tours throughout the province and into neighbouring provinces.

Working closely with First Nation owned hotels like The Prince Albert Inn, The Marquis Inn and the Marlboro Inn, the Northern Lights further strengthened its appeal to tourists from every region. "Once we're able to nail down our exact market we will be able to do even more," said Bird. "In the future we hope to expand, getting more machines and giving out even more prizes. We plan to stay a centrepiece in Prince Albert, while continuing to invest in the community and its people."

Sponsorships Continued

PA "AA" Pee Wee Accra Lock Lightin'

North Battleford North Stars

Royal Can Legion Fiddle Jamboree

Aboriginal Role Models Hockey School

Island Lake First Nation Winter Wipeout

The Kidney Foundation of Canada

Saulteaux First Nation - BIMFC Hockey Tournament

Buffalo Narrows Friendship Centre

Moosomin First Nation - BIMFC Hockey Tournament

BTC - Eecole McKitrick Community School First Nations Forum

Makwa Sahgaihcan First Nation Soccer Tournament

Red Pheasant/Mosquito Tournament

Friendship Inn

Circle Drive Alliance Church

Wahobin Round Dance

Sturgeon Lake Cultural Camp

Battlefords Boys & Girls Club

North Battleford Granite Curling Club

Kakeyow Rodeo Cowboy Association

Sakicawasihk Pow Wow Committee

Mosquito First Nation Grand Opening

Royal Bank Breast Cancer Research

Saulteaux First Nation Grand Opening School

Consolidated Financial Statements of

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Year ended March 31, 2001

Management Report

Management is responsible for the preparation of financial statements in accordance with Canadian generally accepted accounting principles. Management has developed internal control over the financial reporting process, designed to provide assurance that reasonably reliable financial information is produced.

The Board of Directors of the Saskatchewan Indian Gaming Authority oversees management in the performance of its financial reporting responsibilities. As such, the financial statements for the year ended March 31, 2001 have been approved by the Board.

The Audit and Finance Committee acts as a liason between the internal and external auditors and the Board of Directors. The committee monitors internal controls over the financial reporting process, auditing matters and financial reporting issues.

The Provincial Auditor of Saskatchewan has examined the corporation's financial statements and issued an Auditor's Report included in this annual report.

Edmund Bellegarde
President & CEO

June 15, 2001

Heidi Shockey, Acting-Vice President
Finance & Administration

SASKATCHEWAN

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V7

Phone: (306) 787-6398
Fax: (306) 787-6383
Internet e-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To the Members of the Saskatchewan Indian Gaming Authority Inc.

I have audited the consolidated balance sheet of the Saskatchewan Indian Gaming Authority Inc. as at March 31, 2001 and the consolidated statements of operations, uncommitted net proceeds of table operations, and cash flows for the year then ended. The Authority's management is responsible for preparing these financial statements. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Indian Gaming Authority Inc. as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan

June 15, 2001

Fred Wendel, CMA, CA

Acting Provincial Auditor

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Consolidated Balance Sheet

March 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	$ 12,796,077	$ 5,525,580
Accounts receivable (notes 5 and 16)	727,071	1,161,474
Inventory	381,932	473,477
Prepaid expenses	384,313	393,400
Deposits	25,576	27,848
	14,314,969	7,581,779
Capital assets (note 6)	5,432,145	6,776,369
	$ 19,747,114	$ 14,358,148
Liabilities and Surplus		
Current liabilities:		
Due to Saskatchewan Liquor and Gaming Authority (note 7)	$ 11,499,535	$ 5,396,146
Accounts payable and accrued liabilities	8,170,141	8,864,510
Current portion of obligation under capital lease (note 8)	-	20,054
	19,669,676	14,280,710
Surplus:		
Uncommitted net proceeds of table operations	77,438	77,438
Commitments (note 14)		
Contingencies (note 16)		
	$ 19,747,114	$ 14,358,148

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Consolidated Statement of Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Revenues:		
Slot revenues	$ 64,208,436	$ 65,566,695
Table revenues	7,231,818	6,774,902
Ancillary operations gross profit	2,311,026	2,389,175
Other revenues (note 9)	527,639	292,702
	74,278,919	75,023,474
Expenditures:		
Salaries and benefits	26,471,445	26,382,048
Advertising and promotion	10,710,585	12,322,144
General and administrative (schedule 1)	7,163,984	9,116,945
Equipment rental	2,088,058	3,507,984
Goods and services tax	2,065,974	2,039,999
Building rent	2,579,900	2,425,961
Consulting (note 10)	1,572,709	1,581,859
Uniforms and drycleaning	579,057	579,796
Board expenses	331,745	521,917
Repairs and maintenance	352,294	402,794
Staff training	148,925	287,124
Gaming supplies	126,773	136,452
Provision for doubtful accounts (note 16)	113,865	680,409
Security	65,833	76,884
Conference	51,381	-
Interest	45,402	27,666
Gain on sale of capital assets	-	(3,584)
	54,467,930	60,086,398
Earnings before the following:	19,810,989	14,937,076
Saskatchewan Indian Gaming Licensing fees (note 11)	769,147	875,000
Site development costs (note 12)	398,684	677,816
	1,167,831	1,552,816
Excess of revenues over expenditures	$ 18,643,158	$ 13,384,260
Allocated as follows:		
Excess of slot revenues over expenditures payable to Saskatchewan Liquor and Gaming Authority	$ 18,643,158	$ 13,384,260
Excess of table revenues over expenditures retained for charitable or religious purposes	-	-
	$ 18,643,158	$ 13,384,260

See accompanying notes to consolidated financial statements.

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Consolidated Statement of Uncommitted Net Proceeds of Table Operations

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Balance, beginning of year	$ 77,438	$ 77,438
Excess (Deficiency) of table revenues over expenditures	(637,737)	(490,914)
	(560,299)	(413,476)
Deficiency of table operations allocated to slot operations	637,737	490,914
Balance, end of year	$ 77,438	$ 77,438

See accompanying notes to consolidated financial statements.

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Consolidated Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Cash flows from (used in):		
Operations:		
Excess of revenues over expenditures	$ 18,643,158	$ 13,384,260
Items not involving cash:		
Amortization	2,555,900	4,963,088
Gain on sale of capital assets	-	(3,584)
Change in non cash operating working capital:		
Accounts receivable	434,403	(175,703)
Inventory	91,545	(127,970)
Prepaid expenses	9,087	(29,688)
Deposits	2,272	100,101
Accounts payable and accrued liabilities	(694,369)	1,288,725
	21,041,996	19,399,229
Financing:		
Repayment of long-term debt	(20,054)	(35,013)
Investing:		
Purchase of capital assets	(1,211,676)	(3,961,526)
Proceeds on sale of capital assets	-	114,860
	(1,211,676)	(3,846,666)
Other:		
Transfer of funds to Saskatchewan Liquor and Gaming Authority	(12,539,769)	(14,384,987)
Increase (decrease) in cash	7,270,497	1,132,563
Cash, beginning of year	5,525,580	4,393,017
Cash, end of year	$ 12,796,077	$ 5,525,580

Cash consists of cash and cash floats.

See accompanying notes to consolidated financial statements.

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Notes to Consolidated Financial Statements

Year ended March 31, 2001

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1. General information:

Saskatchewan Indian Gaming Authority Inc. ("SIGA") is incorporated under the Non-Profit Corporations Act, 1995 of Saskatchewan as a Charitable Corporation. The Federation of Saskatchewan Indians Inc. ("FSIN") owns the only issued Class A Membership in SIGA. Class B Memberships in SIGA were issued to each of nine Tribal Councils in Saskatchewan that are recognized by the Saskatchewan Indian Gaming Commission of the FSIN. SIGA operates casinos in accordance with the Casino Operating Agreement with Saskatchewan Liquor and Gaming Authority ("SLGA").

The Casino Operating Agreement was signed on November 24, 1995 and expired on March 31, 2001. SLGA extended the Casino Operating Agreement until July 31, 2001. SIGA opened the Gold Eagle Casino in North Battleford and the Northern Lights Casino in Prince Albert in March of 1996. The Bear Claw Casino near Carlyle and the Painted Hand Casino in Yorkton were opened in November and December of 1996 respectively.

The Casino Operating Agreement generally provides for SIGA to remit to SLGA the net proceeds from the operation of the slot machines in the SIGA casinos. Net proceeds from the operation of slot machines are remitted to SLGA in accordance with a formula as defined in the Agreement. This formula provides for SIGA to remit to SLGA, on a weekly basis, one-half of the amount by which actual slot machine gaming revenue exceeds one-fifty-second of annual budgeted expenses from operations. Shortfalls in weekly slot machine gaming revenue as compared to budgeted expenses are recoverable against future remittances. The remaining one-half of the amount determined above is to be remitted to SLGA within one-hundred and eighty days of the applicable week. SIGA is entitled to recover, in any year, any deficiency of revenues over expenditures from the operation of licensed table games from the net proceeds earned from the operation of slot machines. Furthermore, the Agreement provides for SIGA to use any net proceeds from the operation of licensed table games for charitable or religious objects or purposes. Pursuant to this Agreement, if, at the end of any operating year, SIGA has not been fully reimbursed for amounts to which it is entitled for operation of casinos, such amounts may be recovered from future operations.

For the year ended March 31, 2001, the excess of revenues over expenditures from slot operations was $19,280,895 (2000 – excess of $13,875,174) and the deficiency for licensed table games was $637,737 (2000 – deficiency of $490,914). The net excess of revenues over expenditures of $18,643,158 (2000 – excess of $13,384,260) is payable to SLGA pursuant to the Casino Operating Agreement.

1. General information - continued:

In accordance with the Framework Agreement between FSIN and the Province of Saskatchewan signed on February 10, 1995 relating to the development of casinos in Saskatchewan, the net proceeds from SIGA casino slot operations paid to SLGA are distributed as follows:

- For casinos located on reserves, 50% to the First Nations Fund, 25% to the Province of Saskatchewan's General Revenue Fund and 25% to the Community Development Corporations established under the Agreement. In the event that these corporations have not been established or have ceased to operate, the funds are distributed to the First Nations Fund;
- For casinos not located on reserves, 50% to the First Nations Fund, 25% to the Province of Saskatchewan's General Revenue Fund and 25% to the Associated Entities Fund established under the Saskatchewan Gaming Corporation Act or a fund with similar purposes designated by the Province of Saskatchewan.

The Agreement also has terms which provide that if certain levels of net proceeds from SIGA casino slot operations are attained, the above distribution changes from 50% to 37.5% to the First Nations Fund and from 25% to 37.5% to the Province of Saskatchewan's General Revenue Fund.

As at March 31, 2001 the SIGA casinos in North Battleford and Prince Albert were not located on reserves and the SIGA casinos in Yorkton and near Carlyle were located on reserve. As at March 31, 2001 the cumulative excess (deficiency) of revenues over expenditures from slot operations for operation of SIGA casinos on reserve was as follows:

	Painted Hand	Bear Claw	Total
Balance, beginning of year	$ 2,517,553	$ (2,717,876)	$ (200,323)
Excess (deficiency) of revenues over expenditures	4,237,197	(469,937)	3,767,260
Balance, end of year	$ 6,754,750	$ (3,187,813)	$ 3,566,937

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of SIGA and its subsidiary companies - 621086 Saskatchewan Ltd. and 601616 Saskatchewan Ltd. On consolidation, all significant intercompany transactions and balances have been eliminated.

(b) Inventory:

Inventory is recorded at the lower of cost and net realizable value.

2. Significant accounting policies - continued:

(c) Capital assets:

Capital assets are recorded on the balance sheet at cost. Amortization is recorded in the accounts on a straight-line basis commencing in the month the asset is put in use, at rates expected to amortize the cost of the assets over their estimated useful lives as follows:

Asset	Rate
Leasehold improvements	term of lease
Security equipment	5 years
Gaming tables and equipment	5 years
Signage and interior design	5 years
Office furniture and equipment	5 years
Coin handling equipment	5 years
Computer equipment	5 years
Restaurant equipment	5 years
Automobiles	4 years
Artwork	5 years
Computer software	1 year

(d) Slot and table revenues:

Slot and table revenues represent the net win from those gaming activities calculated as the difference between amounts wagered and prizes paid by the casino.

(e) Commitment of net proceeds of table operations:

Liabilities are recorded when amounts are committed by the Board of Directors.

(f) Allocation of expenditures:

(i) Table operations

Expenditures allocated to table operations include actual direct expenditures, and an allocation of indirect expenditures based on the percentage of table revenues to total revenues on an individual casino site basis and a fixed portion of head office costs.

(ii) Slot machine operations

Expenditures allocated to slot machine operations include actual direct expenditures, an allocation of indirect expenditures based on the percentage of slot revenues to total revenues on an individual casino site basis and the remaining head office overhead after deducting the fixed portion of head office overhead allocated to table operations.

Slot machine operations expenditures are allocated to individual casino sites based on actual direct slot machine expenditures of each casino site. Head office overhead related to slot machine operations is allocated to casino sites based on the percentage of each casino site's slot revenues to total slot revenues.

2. Significant accounting policies - continued:

(iii) Ancillary operations

Expenditures allocated to ancillary operations include actual direct expenditures and an allocation of building rent and utilities based on the square footage ancillary operations occupy.

(h) Pension expenditures:

Employer matching contributions to the defined contribution pension plan for employees are recorded as expenditures as incurred.

(i) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenditures for the year then ended. The most significant estimates are related to the physical and economic lives of capital assets. Actual results could differ from those estimates.

3. Change in accounting policy:

In prior years, amortization was recorded at rates expected to amortize the cost of assets over the lesser of the remaining term of the Casino Operating Agreement or their useful lives. Due to the expiry and extension of the Operating Agreement (a change in circumstances), SIGA changed its policy to amortize the cost of assets over their useful lives. This change has been applied prospectively.

4. Pension plan:

Effective April 1, 1997, SIGA established a pension plan for employees. The plan is a defined contribution plan administered by Great West Life. Substantially all of SIGA's full-time employees participate in the Plan. SIGA's financial obligation is limited to matching the required amounts contributed by employees, which totaled $815,780 (2000 – $698,570). Employees are required to contribute 4% of salary to the plan.

5. Accounts receivable:

	2001	2000
Receivables (note 15)	$ 262,243	$ 675,512
Advances to suppliers, contractors and employees (note 15)	464,828	485,962
Recoverable from CEO (note 16)	784,853	680,409
Allowance for doubtful accounts (note 16)	(784,853)	(680,409)
	$ 727,071	$ 1,161,474

6. Capital assets:

			2001	2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	$ 7,140,350	$ 4,833,686	$ 2,306,664	$ 2,834,785
Office furniture and equipment	2,407,777	1,444,696	963,081	1,087,128
Security equipment	2,022,484	1,615,359	407,125	587,955
Signage and interior design	1,310,461	946,746	363,715	423,092
Gaming tables and equipment	1,194,441	1,075,302	119,139	279,142
Restaurant equipment	848,249	408,889	439,360	533,236
Coin handling equipment	843,324	661,890	181,434	246,450
Automobiles	498,568	395,209	103,359	244,060
Computer equipment	735,691	457,433	278,258	252,020
Artwork	429,228	271,714	157,514	165,412
Computer software	224,355	111,859	112,496	44,278
	17,654,928	12,222,783	5,432,145	6,697,558
Goodwill	154,936	154,936	-	78,811
	$ 17,809,864	$ 12,377,719	$ 5,432,145	$ 6,776,369

7. Due to Saskatchewan Liquor and Gaming Authority:

	2001	2000
Excess of revenues over expenditures related to slot operations	$ 19,280,895	$13,875,174
Deficiency of revenues over expenditures related to table operations	(637,737)	(490,914)
	18,643,158	13,384,260
Balance, beginning of year	5,396,146	6,396,873
Transfer of funds to Saskatchewan Liquor and Gaming Authority	(12,539,769)	(14,384,987)
Balance, end of year	$ 11,499,535	$ 5,396,146

8. Obligation under capital lease:

	2001	2000
Obligation under capital lease, future minimum lease payments $0 (2000 - $21,144) of which $0 (2000 - $1,090) represents interest.	$ -	$ 20,054
Less current portion	-	20,054
	$ –	$ -

9. Other revenues:

Other revenues consist of the following:

	2001	2000
Automated teller service charges	$ 369,611	$ 225,576
Interest	107,814	67,126
Cheque Handling fee	50,214	-
	$ 527,639	$ 292,702

10. Consulting expenditures:

Consulting expenditures consist of the following:

	2001	2000
Western Canada Lotteries Corporation	$ 721,803	$ 703,419
Other	655,656	616,541
Bear Claw and Associates	20,250	136,899
FSIN	175,000	125,000
	$ 1,572,709	$ 1,581,859

11. Saskatchewan Indian Gaming Licensing:

During the year, SIGA provided Saskatchewan Indian Gaming Licensing (SIGL) grants totaling $769,147 (2000 - $875,000) as approved by Saskatchewan Liquor and Gaming Authority. Under the Framework Agreement, SIGL was established by the Federation of Saskatchewan Indian Nations. Subject to the approval of Saskatchewan Liquor and Gaming Authority, the purpose of SIGL was to issue licenses to charitable and religious organizations located on reserves and to regulate charitable lotteries on reserves in Saskatchewan. SIGL has not yet been authorized to issue licenses.

12. Site development costs:

With the approval of Saskatchewan Liquor and Gaming Authority, during the year SIGA provided grants totaling $398,684 (2000 - $677,816) to certain First Nations to help obtain reserve status for those sites where certain SIGA casinos are located. SIGA did not place any specific conditions on these grants.

13. Fair Value:

Cash, accounts receivable, prepaid expenses, deposits, due to Saskatchewan Liquor and Gaming Authority, and accounts payable and accrued liabilities are all short-term in nature and as such their carrying value approximates fair value.

14. Commitments:

SIGA has obligations under operating leases for buildings, equipment and vehicles. The minimum lease payments required under these operating leases over the next five years are as follows:

2002	$ 2,236,000
2003	2,149,000
2004	2,107,000
2005	2,074,000
2006	1,994,000

The Casino Operating Agreement requires SLGA to supply slot machines and the slot management system to SIGA for use in its casinos and for SIGA to reimburse to SLGA the cost of these machines over the life of the operating agreement. Included in equipment rental expense is $1,653,517 (2000 – $3,206,898) regarding slot machines and the slot machine management system. SIGA estimates total costs for the year ended March 31, 2002, based on the number of machines currently in use, will be approximately $1,500,000.

SIGA has committed to providing sponsorship funding to various agencies.

Commitments for ongoing sponsorships as at March 31, 2001 are as follows:

2002	$ 428,000
2003	288,000
2004	238,000
2005	148,000
2006	100,000

15. Related party transactions:

Significant related parties to SIGA include: FSIN (holding the Class A membership in SIGA) and entities related to FSIN including Saskatchewan Indian Institute of Technologies, National Indian Financial Corporation and Saskatchewan Indian Gaming Licensing; the Tribal Councils of Saskatchewan (and their related entities) holding Class B memberships in SIGA; and those First Nations with which SIGA has agreements to lease buildings and equipment. The land and buildings on which each casino is physically located are owned or leased (in the case of land located on reserve) by the local tribal council or a First Nation or entities related to the local tribal council or a First Nation. SIGA operates the individual casinos on land and in buildings leased from these related entities and is responsible for leasehold improvements. SIGA also supports other First Nations enterprises when purchasing supplies or services. Expenditures to related parties throughout the year and balances outstanding with related parties at March 31, 2001 were incurred at exchange amounts agreed upon between the parties.

15. Related party transactions - continued:

The following are balances outstanding with related parties at March 31, 2001 with comparison to the previous year:

	2001	2000
Accounts receivable and advances:		
North West Nations Gaming Association	$ 163,048	$ 567,803
First Nations Heritage Corporation	20,000	20,000
Prince Albert Development Corporation	208,326	214,673
Lucky Seven Marketing	50,090	-
Sakimay First Nations	-	135,255
White Bear First Nations	6,000	6,000
Accounts payable and accrued liabilities:		
Prince Albert Development Corporation	262,956	25,063
Prince Albert Inn	8,271	2,113
212143 Saskatchewan Ltd.	1,750	6,540
North West Nations Gaming Association	191,793	85,707
First Nations Heritage Corporation	20,511	69,200
Battlefords Tribal Council	11,930	11,930
General Plumbing & Heating	-	3,972
Lucky Seven Marketing	126,644	-
Sakimay Developments Inc.	177,090	297,841
Saskatchewan Indian Gaming Licensing (note 11)	550,399	218,750
Saskatoon Tribal Council	73,684	169,049
White Bear First Nations	54,134	1,511
FSIN	175,244	4,133
Saskatchewan Indian Institute of Technologies	5,528	5,528

North West Nations Gaming Association ("NWNGA") is disputing certain amounts included in accounts receivable and advances. SIGA and NWNGA have undertaken a process to resolve this dispute, however the results of this process are unknown at this time.

Any changes to the financial position and results of operation of SIGA that may occur as a result of this process will be accounted for in the period of settlement.

15. Related party transactions - continued:

Significant transactions with related parties throughout the year with comparison to the previous year are as follows:

	2001	2000
North West Nations Gaming Association:		
Advertising and promotion	$1,543,726	$ 2,883,407
First Nations Heritage Corporation:		
Building rent	961,180	891,189
Capital asset purchases	-	609,134
Occupancy costs and utilities	39,664	117,765
Battlefords Tribal Council:		
Site development costs (note 12)	125,000	75,000
Prince Albert Development Corporation:		
Advertising and promotion	2,511,057	3,089,817
Capital asset purchases	-	168,538
Prince Albert Inn:		
Travel and sustenance	37,169	32,396
Prince Albert Casino Ventures Inc.:		
Building rent	1,023,506	1,000,007
Saskatchewan Indian Gaming Licensing (note 11):	769,147	875,000
White Bear First Nations:		
Building rent	450,000	450,000
Property taxes	48,289	49,437
Sakimay Developments Inc.:		
Building rent	276,844	316,739
Peter Ballantyne Cree Nation:		
Site development costs (note 12)	100,000	250,000
Saskatoon Tribal Council:		
Site development costs (note 12)	73,684	167,728
Federation of Saskatchewan Indians, Inc.:		
Consulting	175,000	125,000
National Indian Financial Corporation:		
Building rent	84,000	84,000
Saskatchewan Indian Institute of Technologies:		
Building rent	26,000	14,082
Capital asset purchases	-	30,000
Lucky Seven Marketing:		
Advertising and promotion	1,601,631	-

15. Related party transactions - continued:

	2001	2000
Keeseekoose First Nation: Site development costs (note 12)	$ -	$ 75,000
Yorkton Tribal Council: Site development costs (note 12)	-	60,000
File Hills Qu-Appelle Tribal Council: Site development costs (note 12)	-	50,088
Kakewistahaw First Nation: Site development costs (note 12)	100,000	-

16. Contingencies and subsequent events:

On June 20, 2000, SLGA announced the formation of an audit team to perform a special audit of SIGA. This special audit team was formed by SLGA to investigate the circumstances surrounding advances made by SIGA to its Chief Executive Officer ("CEO"), concerns of SLGA related to SIGA's contracts with related parties, conflict of interest policies and other financial and control matters within SIGA.

On November 15, 2000, the Office of the Provincial Auditor of Saskatchewan released the Report of the Provincial Auditor (the "Report") to the Legislative Assembly of Saskatchewan. This Report set out their conclusions, findings and recommendations pertaining to their special audit of SIGA mentioned above. In summary, the Report stated that SIGA's governance and financial management practices were unacceptable resulting in the improper use of public money. The Report recommends SLGA determine what SIGA expenses are not reasonable and recover that money from the First Nations Fund as provided for by the agreements between FSIN and the Province of Saskatchewan.

SLGA determined the amount of expenses that were not considered reasonable. A summary of these expenses is as follows:

Expenses of the CEO	$ 855,354
Advertising and promotion	811,639
Consulting payments	268,910
Board expenses	254,629
Travel expenses	107,109
	$ 2,297,641

16. Contingencies and subsequent events - continued:

The above amounts include $1,998,730 relating to the periods prior to March 31, 2000 and $298,911 relating to the current period.

Amounts relating to expenses of the CEO for the period ending March 31, 2001 have been recorded as accounts receivable in the amount of $104,444. Uncertainty exists related to the ultimate recovery of these amounts and, consequently, SIGA has provided a full allowance against their recovery.

SIGA's assets of $53,750 retained by the CEO have not been reclassified from capital assets and additional accounts receivable have not been set up. In June 2001, SIGA recovered $43,000 of these assets.

The remaining $140,717 has been expensed in the consolidated statement of operations, in the category to which they relate.

In connection with the special audit, SLGA also suspended negotiations with SIGA with respect to extension of the Casino Operating Agreement which expired on March 31, 2001. On March 31, 2001, SLGA extended the Casino Operating Agreement until July 31, 2001, however, there is no assurance that the Agreement will be further extended. If the Agreement is not further extended, SIGA would be prohibited from operation of the casinos and all gaming revenues from the date of termination, are to be forwarded to SLGA. Should the Agreement not be extended, the impact on the carrying values of assets and liabilities and obligations under operating leases (note 9) could be material. Any changes to the financial position and results of operation of SIGA that may occur as a result of termination of the Agreement will be accounted for in the period in which management determines that such termination is likely.

17. Segmented Information:

SIGA operates in three segments – table operations, slot operations and ancillary operations.

The following table shows key amounts by segment. Inter-segment net sales of $282,858 (2000 - $39,880) have been eliminated from this schedule.

	SEGMENTS				
	2001				2000
	Slot operations	Table operations	Ancillary Operations	Total	Total
Revenues/Sales	$ 64,736,075	$ 7,231,818	$ 4,386,725	$76,354,618	$ 77,267,454
Cost of Sales	—	—	2,075,699	2,075,699	2,243,980
Gross Profit	64,736,075	7,231,818	2,311,026	74,278,919	75,023,474
Total expenses	43,445,923	7,869,555	4,320,283	55,635,761	61,639,214
Excess (deficiency) of revenues over expenditures	$ 21,290,152	$ (637,737)	$ (2,009,257)	$18,643,158	$ 13,384,260

18. Comparative figures:

Certain of the 2000 balances, presented for comparative purposes, have been reclassified to conform to the current year presentation. The comparative figures were audited by another firm of public accountants.

Schedule 1

SASKATCHEWAN INDIAN GAMING AUTHORITY INC.

Schedule of General and Administrative Expenditures

Year ended March 31, 2001, with comparative figures for 2000

	2001	2000
Amortization	$ 2,555,900	$ 4,963,088
Travel and sustenance	912,126	914,945
Occupancy costs and utilities	938,198	844,551
Printing, postage and stationary	781,849	834,880
Legal	437,042	271,132
Telephone	454,183	245,696
Janitorial services and supplies	252,596	239,985
Property taxes	265,712	235,928
Insurance	200,024	185,891
Bank charges	123,958	138,572
Licenses	124,292	111,058
Accounting, audit and related services	50,471	48,350
Freight and delivery	34,068	43,749
Internal controls monitoring	13,845	22,511
Bad debts	-	3,140
Miscellaneous	19,720	13,469
	$ 7,163,984	$9,116,945